

INMOL

Statutory Audit Report of
~~Government~~ Employees Cooperative Housing Society Limited, Lahore
Under Chief Auditor Cooperative Societies
Letter No RCS/Audit Allo/2555/ Dated 17-01-2019

Submitted By:



Ahmed Mushir & Salariya

Chartered Accountant

20th November, 2020



6.2 AUG 2021

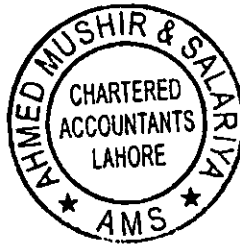
Statutory Audit Report of
Inmol Employees Cooperative Housing Society Limited, Lahore
Under Chief Auditor Cooperative Societies
Letter No. No.RCS/Audit Allo/2555/ Dated 17-01-2019

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AUDITOR'S REPORT



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Chief Auditor
Cooperative Societies Punjab

AUDITOR'S REPORT

INMOL EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE YEAR ENDED 30th JUNE, 2018

Sir,

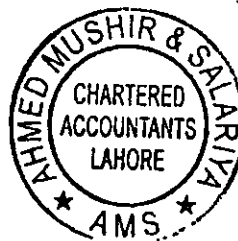
In pursuance of our appointment as auditors of the above named society vide your Letter No.RCS/Audit Allo/2555/ Dated 17-09-2018, we are hereby pleased to inform you that we have completed the audit of the financial statements of "INMOL EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE", (the society) for the year ended 30th June, 2018

It is the responsibility of the management to prepare and present these financial statements in accordance with the approved accounting and financial reporting standards as applicable to the entity and to establish and maintain such internal controls as are necessary to prevent any material misstatement whether due to error or fraud. Our responsibility is to express an opinion on these financial statements based on our audit in accordance with terms of engagement.

In the course of our examination of the financial statements, we have made a study and evaluation of the society's system of internal accounting control to the extent we considered necessary to evaluate the system as required by International Auditing Guidelines. The purpose of such evaluation was to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements and to assist us in planning and performing our examination of the financial statements.

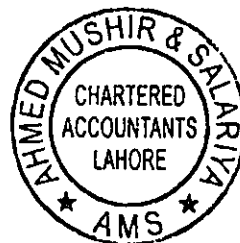
We are now pleased to enclose one copy each of the balance sheet as at 30th June, 2018 of the society, income and expenditure account, receipts and payments account along with notes to the accounts forming a part thereon for the year ended.

Our comments and suggestions on these accounts and related affairs of the society are summarized in the following paragraphs;



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GENERAL OBSERVATIONS



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GENERAL OBSERVATION:**1.1 Violation of Tax Laws:**

As per section 80(2)(b)(v) of the Income tax ordinance 2001 co-operative society has been defined as "company" and Section 32(2) requires that a company shall adopt accrual basis of accounting. Society is following the cash basis of accounting violating the Income tax ordinance and this may lead to understand of Income and cause harm to Government treasury.

1.2 Accounting Software:

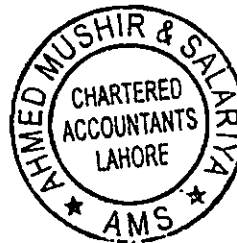
On Inquiry it was observed that the society has not purchased any accounting software to run their organization (Society) circle.

1.3 Method of Accounting:

Management is using cash basis of accounting which is not recommended as it does not give true and fair view of the financial position & performance of the society because accruals are not booked. Society must adopt accrual accounting as it is more reliable than cash base accounting.

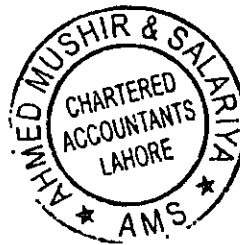
1.4 Audit Fee:

Audit fee of the current year is not charges in the accounts as cash base accounting by the society. Even if cash base accounting is used audit fee of previous year must be charged in currents year's financial statement.



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ATTACHMENTS



AMS

(ATTACHMENT – A)

**BALANCE SHEET, INCOME & EXPENDITURE, FIXXED ASSET
SHEDULE AND NOTES TO THE ACCOUNTS**

INMOL EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE
BALANCE SHEET
AS AT 30 JUNE 2018

CAPITAL AND LIABILITIES		Note	30/Jun/18 Rupees	30/Jun/17 Rupees	ASSETS	Note	30/Jun/18 Rupees	30/Jun/17 Rupees
SHARE MONEY AND RESERVES								
Share money	3		1,365,500	1,347,000	NON-CURRENT ASSETS	9	2,529,026	2,647,622
Reserve fund	4		3,747,502	3,747,502	Fixed assets	9	48,020	68,600
Accumulated surplus	5		24,563,124	24,638,621	Intangible assets	10	70,131,900	70,131,900
			29,676,126	29,733,123	Cost of land	11	158,230,611	158,230,611
					Land development		230,939,557	231,078,733
MEMBERS' DEPOSITS								
Members' deposits	6		239,487,801	235,190,809	CURRENT ASSETS			
			239,487,801	235,190,809	Advances and other receivables	12	2,175,284	847,186
					Cash and bank balances	13	36,617,718	33,734,769
							38,793,002	34,581,955
CURRENT LIABILITIES								
Trade and other payables	7		489,451	679,846				
Provision for taxation	8		79,181	56,910				
			568,632	736,756				
			<u>269,732,559</u>	<u>265,660,688</u>			<u>269,732,559</u>	<u>265,660,688</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

PRESIDENT

FINANCE SECRETARY



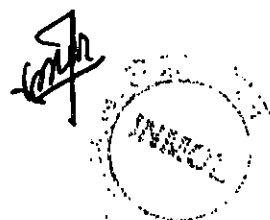
NMOL EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2018

	Note	30/Jun/18 Rupees	30/Jun/17 Rupees
INCOME			
Fee	14	5,790,766	3,342,800
Other income	15	2,127,370	2,348,213
		<u>7,918,136</u>	<u>5,691,013</u>
EXPENDITURE			
Salaries and allowances		1,801,185	2,220,361
Security guards		2,193,400	2,248,010
Gardner Attendent salary		572,774	777,159
Printing and stationery		54,206	122,412
Postage and telegram		27,996	39,254
Traveling and conveyance		67,400	131,750
Entertainment		51,201	58,360
Vehicle running and maintenance		137,247	107,429
Advertisement		61,900	74,350
Electricity		1,332,097	1,106,851
Telephone		49,320	43,184
Repairs and maintenance		247,627	930,386
Legal and professional charges		617,000	1,127,000
Bank charges		86,213	77,235
Depreciation		193,945	203,782
Audit fee		-	138,000
AGM expense		198,000	225,500
Election expense		7,944	-
Service charges		62,900	-
Uniform expense		-	84,550
Miscellaneous		148,164	221,979
		<u>20,580</u>	<u>29,400</u>
		<u>7,931,099</u>	<u>9,966,952</u>
(Deficit) for the year		(12,963)	(4,275,939)
Taxation		(79,181)	(56,910)
		<u>(92,144)</u>	<u>(4,332,849)</u>
Prior year adjustment		16,647	(173,049)
		<u>(75,497)</u>	<u>(4,505,898)</u>
Appropriation:			
Transferred to revenue reserve (10%)		-	-
Surplus / (Deficit) for the year after taxation		(75,497)	(4,505,898)
Accumulated surplus brought forward		24,638,621	29,144,519
Accumulated surplus transferred to balance sheet		<u>24,563,124</u>	<u>24,638,621</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

PRESIDENT

FINANCE SECRETARY



FIXED ASSETS

PARTICULARS	COST			DEPRECIATION		BOOK VALUE		Annual
	As on	Additions (Deletions)	As on	As on	For the Year	As on	As on	rate of dep.
	01 Jul 17		30 Jun 18	01 Jul 17		30 Jun 18	30 Jun 18	% age
	----- Rupees -----							

Own tangible assets

Building at site office	1,680,276	-	1,680,276	718,859	84,014	802,873	1,596,262	5%
Furniture and fixtures	203,531	850	204,381	107,667	20,438	128,105	183,943	10%
Site equipment	8,400	1,500	9,900	1,600	990	2,590	8,910	10%
Electric goods	49,960	-	49,960	58,521	9,992	68,513	39,968	20%
Office equipment	126,780	7,000	133,780	197,390	13,378	210,768	120,402	10%
Motor vehicles	212,819	-	212,819	317,381	21,282	338,663	191,537	10%
Tractor	359,206	66,000	425,206	392,884	42,521	435,405	382,685	10%
Bicycles	6,649	-	6,649	14,383	1,330	15,713	5,319	20%
Total	2,647,621	75,350	2,722,971	1,808,685	193,945	2,002,630	2,529,026	

PARTICULARS	COST			AMORTIZATION		BOOK VALUE	Annual rate of dep.
	As on 01 Jul 17	Additions (Deletions)	As on 30 Jun 18	As on 01 Jul 17	For the Year	As on 30 Jun 18	
							% age

Intangible Assets

Biomatric software	68,600	-	68,600	29,400	20,580	49,980	48,020	30%
	68,600	-	68,600	29,400	20,580	49,980	48,020	

27/07/17



EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE
THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

	30/Jun/18 Rupees	30/Jun/17 Rupees
CASH		
Balance at beginning of the year	1,347,000	1,317,000
Received during the year	18,500	30,000
Balance at end of the year	<u>1,365,500</u>	<u>1,347,000</u>
RESERVE FUND		
Balance at beginning of the year	3,747,502	3,747,502
Surplus during the year (at the rate of 10% of surplus)	-	-
Balance at end of the year	<u>3,747,502</u>	<u>3,747,502</u>
CUMULATED SURPLUS		
Balance at beginning of the year	24,638,621	29,144,519
(Deficit) for the year after appropriation - note 5.1	(75,497)	(4,505,898)
Balance at end of the year	<u>24,563,124</u>	<u>24,638,621</u>
Surplus for the year after appropriation		
(Deficit) for the year	(12,963)	(4,275,939)
Less: Income tax provision for the year	(79,181)	(56,910)
Prior Year Adjustment	16,647	(173,049)
	<u>(75,497)</u>	<u>(4,505,898)</u>

MEMBERS' DEPOSITS

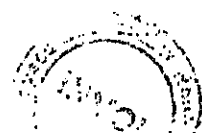
Following is the break-up of members' deposits against:

of:			
Land	- note 6.1	74,857,021	73,381,529
Development	- note 6.2	77,559,548	77,399,548
Additional development			
Initial development deposits	- note 6.3	15,268,740	15,268,740
Subsequent development deposits (second)	- note 6.4	24,033,485	23,973,485
Others			
Commercial	- note 6.5	1,663,757	1,648,757
Development fund	- note 6.6	250,000	250,000
Development charges	- note 6.7	2,503,000	2,278,000
Development charges	- note 6.8	20,561,500	18,200,000
Development charges	- note 6.9	22,790,750	22,790,750
		<u>239,487,801</u>	<u>235,190,809</u>
Cost of land			
Balance at beginning of the year		73,381,529	72,909,967
Added: Received during the year		1,475,492	571,562
		<u>74,857,021</u>	<u>73,481,529</u>
Refunded / Adjusted / Transferred during the year		-	(100,000)
Balance at end of the year		<u>74,857,021</u>	<u>73,381,529</u>

Signature


	30/Jun/18 Rupees	30/Jun/17 Rupees
Cost of development		
Balance at beginning of the year	77,399,548	76,895,548
Add: Received during the year	160,000	504,000
Balance at end of the year	77,559,548	77,399,548
Additional development		
Balance at beginning of the year	15,268,740	15,268,740
Balance at end of the year	15,268,740	15,268,740
Subsequent development		
Balance at beginning of the year	23,973,485	23,973,485
Add: Received during the year	60,000	-
Balance at end of the year	24,033,485	23,973,485
Corner plot		
Balance at beginning of the year	1,648,757	1,648,757
Add: Received during the year	15,000	-
Balance at end of the year	1,663,757	1,648,757
Commercial plot		
Balance at beginning of the year	250,000	250,000
Balance at end of the year	250,000	250,000
Mosque fund		
Balance at beginning of the year	2,278,000	1,878,000
Add: Received during the year	225,000	400,000
Balance at end of the year	2,503,000	2,278,000
8 Sui gas charges		
Balance at beginning of the year	18,200,000	17,057,500
Add: Received during the year	2,361,500	1,142,500
Balance at end of the year	20,561,500	18,200,000
9 Deposits from defaulters		
Balance at beginning of the year	22,790,750	22,790,750
Balance at end of the year	22,790,750	22,790,750
PAID AND OTHER PAYABLES		
Accrued expenses	115,560	305,955
Advance against maintenance charges and Retention money	373,891	373,891
	489,451	679,846
PROVISION FOR TAXATION		
Balance at beginning of the year	56,910	461,915
Add: Provision for the year	79,181	56,910
Less: Paid / Adjusted during the year	(56,910)	(461,915)
Balance at end of the year	79,181	56,910
LAND		
Cost of land	70,131,900	70,131,900
Add: Expense incurred during the year	-	-
	70,131,900	70,131,900

20/11/18



	30/Jun/18 Rupees	30/Jun/17 Rupees
ID DEVELOPMENT		
ance at beginning of the year	158,230,611	148,411,385
l: Expense incurred during the year	-	9,819,226
ance at end of the year	<u>158,230,611</u>	<u>158,230,611</u>
VANCES AND OTHER RECEIVABLES		
vances to employees against expenses	1,035,818	200,814
vances to suppliers	315,000	315,000
vance income tax	533,357	331,372
und	291,109	-
	<u>2,175,284</u>	<u>847,186</u>
SH AND BANK BALANCES		
ch banks		
On current accounts	1,078,374	1,078,374
On saving accounts	35,539,344	32,656,395
	<u>36,617,718</u>	<u>33,734,769</u>
ES		
mbership	175,000	300,000
insfer	1,858,500	1,545,000
mission	145,800	6,000
ssesion	473,500	89,000
intenance	2,440,000	1,056,500
iter connection charges	72,000	-
hvice charges	236,245	-
rcharge	389,721	346,300
	<u>5,790,766</u>	<u>3,342,800</u>
HER INCOME		
nk profit	1,971,250	2,217,516
ection income	84,000	-
cleanous	72,120	130,697
	<u>2,127,370</u>	<u>2,348,213</u>

PRESIDENT

FINANCE SECRETARY

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(ATTACHMENT – B)

AUDIT MEMO

AUDIT MEMO
[PERFORMA]

Audit for the year ended 30th June 2018
Date of completion of Audit 20-11-2020

Name of Society: Inmol Employees
Cooperative Housing
Society Limited,
Lahore.

Date Of registration: January 25, 1989

Address: Wahdat Road Lahore

Tel: 042-99231858

Email: iechs1989@gmail.com

Contact Person: M. Fayaz Malik (Manager)

Classification, with authority Cooperative Housing Society

Share Money

	Current Year Rupees	Previous Year Rupees
- Opening balance	1,347,000.00	1,317,000
- Addition during the year	18,500.00	30,000
- Deletion / refund during the Year	-	-
- Closing balance	1,365,500.00	1,347,000
- Notes / Auditor's comments		

Members

- Number of members	745	758
- Regular members having all rights	745	758
- Associate / nominal members having no right of vote		
- List of members as per Performa	List Enclosed	List Enclosed
- Whether members register is maintained	Yes	Yes
- Whether share money as per general ledger is in reconciliation with the member register?	Yes	Yes
- Whether share certificate have been issued to the members or not?	Yes	Yes
- Notes / Auditor's comments	See our report	See our report

Deposits for land

	Current Year Rupees	Previous Year Rupees
- Opening balance	73,381,529	72,909,967
- Addition during the year	1,475,492.00	571,562
- Deletion / refund during the Year	-	(100,000)
- Closing balance	74,857,021	73,381,529

- Whether deposits for land have been diverted towards development cost? Yes/ No. If yes then Financial Implication	No	No
- Reason for additional calls towards: Deposit for land	N/A	N/A
- Notes / Auditor's comments		

Movement is shown in the Audit Report & Trail Balance

Deposits for Development

	Current Year Rupees	Previous Year Rupees
- Opening balance	77,399,548	76,895,548
- Addition during the year	160,000	504,000
- Deletion / refund during the Year	-	-
- Closing balance	77,559,548	77,399,548

- Whether deposits for land have been diverted towards development cost? Yes/ No. If yes then Financial Implication	No	No
- Reason for additional calls towards: Deposit for land with development charges Without Development charges	N/A	N/A
- Number of houses constructed by the members.	See Annexure	See Annexure
- Indicate problems faced or being faced by the society in the provision of residential colony.	None	None
- Clear Title Deeds of land (in kanals)	Yes	Yes
- Disputed Land In Kanals Present Status	NIL	NIL
- Detail of plots / land mortgaged with the development agency ?	NIL	NIL
- Plots / land not redeemed from the development agency yet?	None	None
- Whether transfer of plots is being made through computerized biometric system or otherwise.	System has been adopted	System has been adopted
- Notes / Auditor's comments		

Land Development

	Current Year Rupees	Previous Year Rupees
- Opening balance	158,230,611	148,411,385
- Addition during the year	-	9,819,226
- Deletion / refund during the Year	-	-
- Closing balance	158,230,611	158,230,611
- Approval of master plan of the society along with date.	Approved	Approved
- Name of concerned development agency, which approved the master plan	TMA Iqbal Town Lahore	TMA Iqbal Town Lahore
- Approval of revised master plan of the society along with date.	N/A	N/A
- Violations of the approved master plan/revised plan (if any)	N/A	N/A
- Approximate % age of completion of development work.	%	%

Other Developmental Work

- Opening balance	N/A	N/A
- Addition during the year	N/A	N/A
- Deletion / refund during the Year	N/A	N/A
- Closing balance	N/A	N/A

- Notes / Auditor's comments		
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Mosque(s) (if any)

- Opening balance	N/A	N/A
- Addition during the year	N/A	N/A
- Deletion / refund during the Year	N/A	N/A
- Closing balance	N/A	N/A

- Notes / Auditor's comments		
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School(s) (if any)

	Current Year Rupees	Previous Year Rupees
- Opening balance	N/A	N/A
- Addition during the year	N/A	N/A
- Deletion / refund during the Year	N/A	N/A
- Closing balance	N/A	N/A

- Notes / Auditor's comments	No School	No School
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Hospital/Dispensary (if any)

- Opening balance	N/A	N/A
- Addition during the year	N/A	N/A
- Deletion / refund during the Year	N/A	N/A
- Closing balance	N/A	N/A

- Notes / Auditor's comments		
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Club/Community center/ Marriage Hall (If any)

- Opening balance	N/A	N/A
- Addition during the year	N/A	N/A
- Deletion / refund during the Year	N/A	N/A
- Closing balance	N/A	N/A
- Notes / Auditor's comments	No Community Center	No Community Center

Payable Advances / Loans to members/staff/contractors etc.

	Current Year Rupees	Previous Year Rupees
- Opening balance	679,846	300,306
- Addition during the year	489,451	379,540
- Deletion / refund during the Year	(679,846)	-
- Closing balance	489,451	679,846

Explanatory Notes

Movement is shown as per Trial Balance.

Audit Observation

Receivables Advances / Loans from members/staff/ contractors etc.

	Current Year Rupees	Previous Year Rupees
- Opening balance	847,186.00	1,476,268
- Addition during the year	2,673,010	-
- Deletion / refund during the Year	(1,344,912)	(629,082)
- Closing balance	2,175,284	847,186

Explanatory Notes

Movement is shown as per Trial Balance.

Audit Observation

Reserve Fund

	Current Year Rupees	Previous Year Rupees
- Opening balance	3,747,502	3,747,502
- Addition during the year	-	-
- Deletion / refund during the Year	-	-
- Closing balance	3,747,502	3,747,502

Explanatory Notes

Audit Observation

Welfare Fund

	Current Year Rupees	Previous Year Rupees
Opening balance	N/A	N/A
Addition during the year	N/A	N/A
Deletion / refund during the Year	N/A	N/A
Closing balance	N/A	N/A

Explanatory Notes

Audit Observation

	Current Year Rupees	Previous Year Rupees
Amount of CVT paid	Nil	Nil
Amount of stamp duty paid	Nil	Nil
Amount of Registration Fee paid	Nil	Nil
Amount of Income Tax Paid	Nil	Nil
Amount of tax on sale of plot	Nil	Nil
Amount of UIP Tax/ Property	Nil	Nil
Other Government Taxes (if any)	Nil	Nil

Explanatory Notes

Audit Observation

Deposits

Classification of Deposits	AS Per Face of the Balance Sheet	AS Per Face of the Balance Sheet
----------------------------	----------------------------------	----------------------------------

Cash and Bank Balances

Bank / Financial Institution	Current Year	Previous Year
Branch & address		
Cash in Hand / Bank Balance	36,617,718	33,734,769
Notes / Auditor's comments		

Accounting System

	Current Year	Previous Year
Whether computerized financial accounting software is in used or not?	NO	NO
Whether financial statement is prepared on accrual basis or cash basis?	Cash Basis	Cash Basis

Key financial performance for the year with ratio analysis, in comparison with preceding year performance, e.g:		
Current Ratio		
Net Profit Ratio		

Notes / Auditor's comments		
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Company is using manual bookkeeping system. We recommend that the existing accounting system on manual books should be replaced by a computerized accounting system to record and reconcile the financial transactions and generate enough relevant data for management information and decision making purposes. In this regard management may opt for development of "Purpose built" Software, as per the specific reporting requirements of management. Pre-developed accounting software are also available in the market and they can be tailored to the requirements of the "Society".
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Litigation

Detail of litigation cases with aging as per format:

#	Particular	Suit filed by or the society	Date of filed	Present	Financial Implication

Progress in litigation cases, in against the society and its implication		
Notes / Auditor's comments	Annexure	Annexure

Approval of annual Budget by AGM

Date of approval	17-09-2017	No Budget Provided to us.
Comparison of budgeted with actual expenditure and for variance	Yes	N/A
Notes / Auditor's comments	Annexure	No Budgets

Dates of MC & last AGM held

	Current Year	Previous Year
Dates of meetings held in a year	8 Meetings	7 Meetings
*MC	Annexure Attached	Annexure Attached
*AGM	17-09-2017	-
Date of election of present	-	13.08.2017
Notes / Auditor's comments	Annexure	Annexure

Compliance of Auditor's comments

- Compliance of previous year observations, made by:	Under Compliance	Under Compliance
- a-the society	No	No
- b-the DOC concerned		
- Notes / Auditor's comments	Compliance of Audit Reports is Under Preparation	Compliance of Audit Reports is Under Preparation

General Information

- Internal Audit Committee or not?	NO	NO
- Model Byelaws adopted	Yes	Yes
- Election rules adopted or not?	NO	NO
- Violations of Byelaws of any	NO	NO
- Notes / Auditor's comments	See our report	See our report

(ATTACHMENT – C)
AUDIT REPORT

BACK GROUND AND LEGAL STATUS

INMOL Employees Cooperative Housing Society Limited (the "Society") Lahore; was registered under the Cooperative Societies Act, 1925 vide registration certificate no. 1290 dated 25 January 1989. The Society has developed only one Phase having land area of 1100 Kanals and 17 Marlas. The main object of the Society is to establish and develop a residential colony in Lahore for its members and to acquire land, buildings or other properties, whether moveable or immovable by sale, lease or mortgage for the purposes of carrying out the objectives of the Society.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

- 2.1 **Basis of preparation**
These accounts have been prepared under historical cost convention.
- 2.2 **Fixed assets**
Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income by applying rates specified in the fixed assets note to the financial statements. Major repairs and renewals and improvements are capitalized while normal repairs and maintenance is charged to income in the year, in which it is incurred. Gain or loss on disposal of fixed assets is charged to income in the year of disposal.
- 2.3 **Revenue recognition**
Revenue is recognized on receipt basis.

SHARE CAPITAL:

Particulars	2018	2017
Opening Balance	1,347,000	1,317,000
Addition	18,500	30,000
Refund/Adjustment	-	-
Closing Balance	1,365,500	1,347,000

- 3.1 Opening balance has been verified from the last year's audited financial statements.
- 3.2 As per Bye Law the authorized Share Capital of society consists of undetermined number of shares of Rs.500/- each.
- 3.3 A member shall not purchase share capital in excess of Rs. 20,000/- or 1/5 of share capital of total capital as per clause -18 of the Bye Laws of the society.
- 3.4 Every liability of each members is limited to 10 times of the value of shares held by a member of the society as per clause 15 of the Bye-Laws.
- 3.5 Each member desiring to acquire plot in the society will have to buy shares of the society as per the following schedule:

Size of Plots

05 Marlas to 1 Kanals

Shares to be Purchased

01 Share

RESERVED FUND:

Particulars	2018	2017
Opening Balance	3,747,502	3,747,502
Hospital Fund B/F	-	-
Transferred from Profit	-	-
Adjustment	-	-
Closing Balance	3,747,502	3,747,502

- 4.1 Opening balance has been verified from the last year's audited financial statements.
- 4.2 As per the management, reserves are made to meet different types of expenditures without affecting the profitability ratio.

ACCUMULATED PROFITS:

Particulars	2018	2017
Opening Balance	24,638,621	29,144,519
Surplus/(Deficit)	(75,497)	(4,505,898)
Transfer to G.R Fund	-	-
Closing Balance	24,563,124	24,638,621

The society has earned income of Rs.7,918,136 against Rs. 5,691,013 of last year.
 The society has incurred Rs. 7,931,099 as expenses against Rs. 9,966,952 of last year.
 The Society has suffered a deficit of Rs.(12,963) before taxation against deficit of Rs.(4,275,939) of last year.
 The detail of income and expenditure are given as per income and expenditure account.

MEMBERS' DEPOSITS:

Particulars	Opening Balance	Addition	Refund	Closing Balance
Land	73,381,529	1,475,492	-	74,857,021
Development	77,399,548	160,000	-	77,559,548
Initial Development	15,268,740	-	-	15,268,740
Subsequent Development	23,973,485	60,000	-	24,033,485
Corner	1,648,757	15,000	-	1,663,757
Commercial	250,000	-	-	250,000
Mosque Fund	2,278,000	225,000	-	2,503,000
Sul Gas Charges	18,200,000	2,361,500	-	20,561,500
Defaulters	22,790,750	-	-	22,790,750
	235,190,809	4,296,992	-	239,487,801

- 6.1 Opening balance has been verified from the last year's audited financial statements.
 6.2 The additions during the year were checked on the sample basis and found correct except mentioned below.
 6.3 We are unable to confirm the individual balances of members with the members deposit register at the close of the year.

TRADE AND OTHER PAYABLES:

Trade and other payables include the followings amounts:-

	2018	2017
Accrued Expenses	115,560	305,955
Earnest Money	373,891	373,891
Accrued and other Payables	489,451	679,846

- 7.1 Opening balance has been verified from the last year's audited financial statements.

PROVISION FOR TAXATION:

- 8.1 The provision for taxation has been calculated as per the instruction of the Income Tax advisor @ 1% i.e. minimum tax as per Income Tax Ordinance, 2001

FIXED ASSET:

- 9.1 Fixed Assets shedule attached.

Observation:

- a) We recommend the management that the total cost and depreciation as per Fixed Asset register should be reconciled with the General Ledger on the regular basis.
 b) There was an addition of Rs. 75,350 in fixed assets during the year. However, the society did not provide us any relevant supporting evidence to verify the same.
 Therefore, the depreciation for the year on addition in fixed assets has been charged considering the date of purchase as 1st July 2017, due to the unavailability of actual date of purchase of the same.

COST OF LAND:

The detail of area of the land purchased as per land performa las as under:-

Particulars	2018	2017
Opening Balance	70,131,900	70,131,900
Addition	-	-
Deletion/Adjustment	-	-
Closing Balance	70,131,900	70,131,900

- 10.1 Opening balance has been verified from the last year's audited financial statements.
 10.2 Land Performa is enclosed.
 10.3 Total area of Land is 1,092 Kanals and 08 Marlas.

PLANNING & DEVELOPMENT:

Particulars	2018	2017
Opening Balance	158,230,611	148,411,385
Addition	-	9,819,226
Deletion/Adjustment	-	-
Closing Balance	158,230,611	158,230,611

- 11.1 Opening balance has been verified from the last year's audited financial statements.

2 ADVANCES, DEPOSIT & PREPAYMENTS:

Particulars	2018	2017
Advances to employees	1,035,818	200,814
Advances to suppliers	315,000	315,000
Advance income tax	533,357	331,372
Refund	291,109	-
Total	2,175,284	847,186

12.1 Advance to Employees

Particulars	2018
Opening Balance	200,814
Addition	1,848,544
Adjustment during the year	(1,013,540)
Closing Balance	1,035,818

- a) Opening balance has been verified from the last year's audited financial statements.
b) This represents advances given to employees against expenses for society.

12.2 Advances to Suppliers

Particulars	2018
Opening Balance	315,000
Addition	-
Adjustment during the year	-
Closing Balance	315,000

- a) Opening balance has been verified from the last year's audited financial statements.

12.3 Advance Income Tax

Particulars	2018
Opening Balance	331,372
Addition	533,357
Adjustment during the year	(331,372)
Closing Balance	533,357

12.4 Advance Income Tax (Head wise)

Particulars	2018
Tax on Bank Profit	197,125
Tax on Cash Withdrawal	152,390
Tax on Electricity	183,842

- a) Opening balance has been verified from the last year's audited financial statements.
b) Addition represents advance tax deducted by banks and deposited to Government Treasury and deduction on electricity bills which is paid by the society while payment on electricity bill.

12.5 Refund Due from the Govt

Particulars	2018	2017
Opening Balance	-	-
Addition	291,109	-
Adjustment during the year	-	-
Closing Balance	291,109	-

- a) Refund due from the govt as per tax return 2017.

13 CASH AND BANK BALANCES:

The Detail of Bank Balances is as under:

	2018
Cash in Hand	
Cash at Banks	
- On current accounts	1,078,374
- On saving accounts	35,539,344
	<u>36,617,718</u>

PARTICULAR	ACCOUNT TITLE	OPENING BALANCE AS PER TRIAL	CLOSING BALANCE AS PER TRIAL
Habib Bank 1694-09	CURRENT ACCOUNT	11,163	11,163
National Bank 2464-04	CURRENT ACCOUNT	6,346	6,346
National Bank 1651-8	CURRENT ACCOUNT	1,054,266	1,054,266
Silk bank c/a	CURRENT ACCOUNT	1	1
Soneri bank c/a	CURRENT ACCOUNT	6,598	6,598
		1,078,374	1,078,374
Soneri bank s/s 2899	SAVING ACCOUNT	32,655,010	35,537,959
Silk bank s/s	SAVING ACCOUNT	1,385	1,385
		32,656,395	35,539,344

- 13.1 We checked the above balances with bank statements.
 13.2 Certificate of cash in hand was obtained from the management and enclosed as annexure.

Observation:

- a) During the year, following differences were found in the Opening & Closing Balance of Soneri Bank A/C # 01021962899 and the management of the society was unable to provide any clarification/reconciliation about the same;

Bank Name	Account #	Balance as per Trial	Balance as per Bank Statement	Difference
Soneri Bank Limited-Opening Balance	01021962899	32,655,010	32,664,242	(9,232)
Soneri Bank Limited-Closing Balance	01021962899	35,537,959	36,049,210	(511,251)

INCOME FROM OPERATIONS:**14.1 FEE INCOME**

Particulars	2018	2017
Membership	175,000	300,000
Transfer	1,858,500	1,545,000
Admission	145,800	6,000
Possession	473,500	89,000
Maintenance	2,440,000	1,056,500
Water connection charges	72,000	-
Service charges	236,245	-
Surcharge	389,721	346,300
	5,790,766	3,342,800

14.2 OTHER INCOME

Particulars	2018	2017
Bank profit	1,971,250	2,217,516
Election Income	84,000	-
Miscellaneous	72,120	130,697
	2,127,370	2,348,213

Observation:

- a) All income is wrongly recorded on receipt basis. As per Section 80(2)(b)(v) of the Income Tax Ordinance, 2001, Co-operative Society has been defined as "Company" and Section 32(2) requires that a company shall adopt accrual basis of accounting. Society is following the cash basis of accounting violating the Income Tax Ordinance and this may lead to understatement of income and cause harm to Govt. Treasury.

ACCOUNTING SYSTEM:

- a) The Society is using the manual bookkeeping system to record the transactions. By using manual bookkeeping some level of transactions are missed or not properly recorded that attach the books of accounts.

INTERNAL AUDIT COMMITTEE:

No Internal Audit Committee has been elected by the society during the year. It is recommended that the society should elect Internal audit committee to make the better internal control of the society.